

Summary of Proposed Rule Changes for Arkansas Teacher Retirement System

Purchase of Back Contributions (Rule 8-9)
Purchase of Additional Contributions (Rule 8-10)
Purchase of Non-Contributory Service as Contributory (Rule 8-11)
Purchase of Military Service (Rule 8-12)
Purchase of National Guard Service (Rule 8-13)
Purchase of Out of State Service (Rule 8-14)
Purchase of Overseas Service (Rule 8-15)
Purchase of Sabbatical Leave (Rule 8-16)
Purchase of Private School Service (Rule 8-17)
Purchase of Domestic Federal Service (Rule 8-18)

Substantive changes

This repeals certain existing rules regarding purchase of service credit in order to comply with Act 69 of 2011 that redefines purchase of service credit. The repeal of the Rules also avoids confusion and duplication of the language in the Act. Previously, when a member purchased service from ATRS, the average member purchased service at a 55% discount to what the real value was to the member. Act 69 of 2011 requires members to pay the real value of this purchased service. In addition, ATRS has hundreds of old purchased accounts that have been inactive for years but cannot be closed down. Act 69 of 2011 gives members a year to submit to ATRS a reasonable payment plan to purchase the service. If a payment plan is not provided, the purchase account will be closed. In addition, if the member fails to comply with their purchase of service credit plan, the account will be closed. This eliminates purchased accounts over time and creates greater administrative efficiency at ATRS.

Non-substantive changes

None.

~~PURCHASE OF BACK CONTRIBUTIONS~~

~~A.C.A. § 24-7-502(b)(5)(A)(i)~~

DEFINITION

~~Back contributions mean contributions payable by an active member for service rendered in a covered position after July 1, 1937, on which no applicable contributions have been paid and on which no service has been credited.~~

RULES (Amended by Act 206 of 1997)

- ~~1. After July 1, 1971, the number of days required to establish a year of service since 1937 is 120 days. Fractional credit may also be established only for service rendered after July 1, 1971. [A.C.A. § 24-7-502(b)(5)(A)(ii)].~~
- ~~2. Credit for back service established before July 1, 1984, may be purchased by an active member who pays the employee contributions, plus interest, from the time the service was rendered until contributions are paid in full.~~
- ~~3. Effective July 1, 1984, back service credit may be established by an active member who pays both the employee and employer contributions, plus interest, from the time the service was rendered until contributions are paid in full. [A.C.A. § 24-7-502(b)(5)(B)].~~
- ~~4. Nos. 2 and 3 above shall be applicable to:

A. Service credit being established by an active member who has elected to exclude himself/herself from membership under A.C.A. § 24-7-501(b)(1).

B. Any other eligible service for which no service credit has been established.~~
- ~~5. Back contributions will not be billed on service before July 1, 1971, unless days of service are at least 120 days. [A.C.A. § 24-7-502(b)(5)(A)(ii)].~~
- ~~6. See A.C.A. § 24-7-406(a)(6).~~
- ~~7. If all back service credit is not purchased at one time, the member must purchase the remainder in inverse order.~~
- ~~8. Effective July 1, 1997, repayments of refunds or the purchase of service may be made by employer pick-up (tax-deferred deductions). See Rule No. 8-5 (Purchase Payment Rules).~~

- ~~9. ATRS will accept participant rollover contributions and/or direct rollovers of distributions for the purchase of service credit under certain circumstances. See Rule No. 8-4 (Rollover Acceptance and Distribution).~~
- ~~10. All rules pertaining to the minimum payments and payment methods are contained in the Rule No. 8-5 (Purchase Payment Rules).~~

Amended: February 3, 2004
June 15, 2004

REPEALED: July 1, 2011

PURCHASE OF BACK CONTRIBUTIONS

A.C.A § 24-7-502(b)(5)(A)(i)

Amended: February 3, 2004
June 15, 2004
REPEALED: July 1, 2011

~~PURCHASE OF ADDITIONAL CONTRIBUTIONS~~

~~A.C.A. § 24-7-406(b)(6) and A.C.A. § 24-7-406(b)(4)~~

~~DEFINITION~~ ~~(Amended by Act 206 of 1997 and Act 866 of 1999.)~~

~~Additional contributions~~ ~~mean contributions due on service rendered in a covered position but not withheld by the employer. The term also applies to the difference between the employee/employer contributions paid on the first \$7,800.00 and actual salary earned.~~

~~RULES~~

- ~~1. A member making contributions on the first \$7,800.00 of his/her salary may elect to change to full salary under the following conditions:~~
 - ~~A. If such election is made July 1, 1984, or later, the member must pay to the System both the added member contributions and the added employer contributions that would have been paid to the System had the member's full salary always been covered, plus interest from the dates the added contributions would normally have been received by the System to the date of such actual payment:~~
 - ~~i. Provided, however, that, if a member who is making contributions only on the first \$7,800.00 of his/her total annual salary receives a refund of contributions and subsequently returns to covered service as a noncontributory member, he/she shall be considered on full salary for reporting purposes.~~
 - ~~ii. However, should the member wish to repay any refunds that include contributory service, he/she must pay the additional contributions due to change to full salary.~~
- ~~2. A member whose salary for reporting purposes is \$7,800.00 and who has not received a refund may elect to change, effective July 1, 1986, to the noncontributory plan and from that date be considered on full salary for reporting purposes. Additional employer contributions for that period shall not be due from the member.~~
- ~~3. However, if a member elects to make this change, he/she must pay the additional employee and employer contributions due on any service reported between July 1, 1969, and June 30, 1986.~~

- ~~4. Contributions shall be required on all salary earned in covered employment during the fiscal year in which membership begins.~~
- ~~5. Should the employer fail at any time to report the salary of a member and remit the contributions to the System, the System shall have the right to collect from the employee and the employer the contributions due, if any, from each, together with interest beginning with the subsequent fiscal year. In no case shall a member be given credit for service rendered until any contributions and interest due from each are paid in full. Employee contribution underpayments of less than \$25.00 will not be collected.~~
- ~~6. If all prior service credit is not purchased at one time, the member must purchase the most recent service first.~~
- ~~7. Effective July 1, 1997, repayments of refunds or the purchase of service may be made by employer pick-up (tax-deferred deductions). See Rule No. 8-5 (Purchase Payment Rules).~~
- ~~8. ATRS will accept participant rollover contributions and/or direct rollovers of distributions for the purchase of service credit under certain circumstances. See Rule No. 8-4 (Rollover Acceptance and Distribution).~~
- ~~9. All rules pertaining to the minimum payments and payment methods are contained in the Rule No. 8-5 (Purchase Payment Rules).~~

Adopted: June 15, 2004
Amended: June 18, 2005
April 26, 2007
Repealed: **July 1, 2011**

PURCHASE OF ADDITIONAL CONTRIBUTIONS

A.C.A. § 24-7-406(b)(6) and A.C.A. § 24-7-406(b)(4)

Adopted: June 15, 2004
Amended: June 18, 2005
April 26, 2007
Repealed: July 1, 2011

~~PURCHASE OF NONCONTRIBUTORY SERVICE AS CONTRIBUTORY~~

~~A.C.A. § 24-7-406(f)(3)(A)(ii); Act 864 of 1999~~

DEFINITION

~~**Purchase of Noncontributory Service as Contributory** - Payment made to convert noncontributory service credit to contributory service credit.~~

RULES

- ~~1. Beginning July 1, 1999, an active member who has noncontributory service may convert his/her noncontributory service to contributory service by paying the additional contributions due, plus interest, from the dates the contributions would have been received by the System to the date of payment in full.~~
- ~~2. ATRS will accept participant rollover contributions and/or direct rollovers of distributions for the purchase of service credit under certain circumstances. See Rule No. 8-4 (Rollover Acceptance and Distribution).~~
- ~~3. Repayments of refunds or the purchase of service may be made by employer pick-up (tax-deferred deductions). See Rule No. 8-5 (Purchase Payment Rules).~~
- ~~4. All rules pertaining to the minimum payments and payment methods are contained in Rule No. 8-5 (Purchase Payment Rules).~~

Adopted: June 15, 2004

Amended: April 26, 2007

Repealed: July 1, 2011

PURCHASE OF NONCONTRIBUTORY SERVICE AS CONTRIBUTORY

A.C.A. § 24-7-406(f)(3)(A)(ii); Act 864 of 1999

Adopted: June 15, 2004
Amended: April 26, 2007
Repealed: July 1, 2011

~~PURCHASE OF MILITARY SERVICE~~

~~A.C.A. § 24-7-602 amended by Acts 142, 206, and 1053 of 1997 and Act 866 of 1999~~

~~Any person who is a member or former member of a state-supported retirement system may purchase up to five (5) years of credited active duty military service.~~

- ~~1. A person may choose to purchase one (1) year at a time. The year or years to be purchased shall be closest to teaching service.~~
- ~~2. Eligibility to purchase military service credit shall be subject to the following conditions:~~
 - ~~A. Any person who is now, or was in the past, a member of a reciprocal system and has five (5) years of combined credited membership service;~~
 - ~~B. A member of the Teacher Retirement System with five (5) years of credited membership service;~~
 - ~~C. Must have received an honorable discharge;~~
 - ~~D. Total military service credit cannot exceed five (5) years;~~
 - ~~E. The member is not receiving, nor is eligible to receive, federal military service retirement pay (other than disability) based upon 19 or more years of active duty.~~
- ~~3. Crediting of military service will require the completion of Form M-2, provided by the System and official military documents listing the entry and discharge dates of the first enlistment or induction.~~
- ~~4. Effective August 13, 1993, the computation for the purchase of military service shall be:~~
 - ~~A. For the first three (3) years of credited service, the member shall pay the amount that would have been contributed to the System had he or she been a member during the term of military service. This amount shall be based upon the salary at the time the person first became a member of the Retirement System times:~~
 - ~~i. The employee contribution rate for that first full year of credited service, plus:~~

- ~~ii. The employer contribution rate for that first full year of credited service, plus:~~
- ~~iii. Simple interest at a rate of 6%. The interest shall commence January 1, 1976, or six (6) months after eligibility, whichever is later.~~
- ~~B. For the fourth and fifth year of credited service, the member shall pay the amount that would have been contributed to the System had he or she been a member during the term of military service. This amount shall be based upon the salary at the time the person first became a member of the Retirement System, times:~~
 - ~~i. The employee contribution rate for that first full year of credited service, plus:~~
 - ~~ii. The employer's contribution rate in effect at the time the member first became eligible to purchase the military service, plus:~~
 - ~~iii. Simple interest at the rate of 6%. The interest shall commence January 1, 1976, or six (6) months after eligibility, whichever is later.~~
- ~~5. Effective July 1, 1997, repayments of refunds or the purchase of service may be made by employer pick-up (tax-deferred deduction). See Rule No. 8-5 (Purchase Payment Rules).~~
- ~~6. ATRS will accept participant rollover contributions and/or direct rollovers of distributions for the purchase of service credit under certain circumstances. See Rule No. 8-4 (Rollover Acceptance and Distribution).~~
- ~~7. All rules pertaining to the minimum payments and payment methods are contained in Rule No. 8-5 (Purchase Payment Rules).~~

Amended: February 3, 2004
June 15, 2004

Repealed: **July 1, 2011**

PURCHASE OF MILITARY SERVICE

A.C.A. § 24-7-602 amended by Acts 142, 206, and 1053 of 1997 and Act 866 of 1999

Amended: February 3, 2004
June 15, 2004
Repealed: July 1, 2011

~~PURCHASE OF NATIONAL GUARD SERVICE~~

~~A.C.A. § 24-7-610~~

~~RULES (Act 1296 of 2004)~~

- ~~1. One year of purchased service credit shall be available for every five (5) years of Arkansas National Guard service. The cost to purchase Arkansas National Guard service is the current employee/employer rate of the greater of the first full year's annual salary the member received for Arkansas service immediately preceding the purchase or the average of the member's three highest salaries.~~
- ~~2. Military service credit purchased shall be limited to five (5) years.~~
- ~~3. Salaries for purchased Arkansas National Guard service are not recorded. In computing final average salary, only Arkansas salaries shall be used in the determination of the three (3) highest years.~~
- ~~4. Purchased Arkansas National Guard service shall be credited to the year in which it was rendered and cannot be purchased if prior to 1937-38.~~
- ~~5. Certification of Arkansas National Guard service must be submitted to ATRS in a manner approved by the System.~~
- ~~6. Total military service credited in the System cannot exceed five (5) years.~~
- ~~7. The member is not receiving, nor is eligible to receive, federal military service retirement pay (other than disability) based upon 19 or more years of active duty.~~
- ~~8. All purchased Arkansas National Guard service shall be counted as contributory service.~~
- ~~9. The Arkansas National Guard service shall not become credited service under this System until:~~
 - ~~A. The member payments have been paid in full; and~~
 - ~~B. The member has established five (5) or more years of actual service exclusive of Arkansas National Guard service. Should a member cease to be an active member before the Arkansas National Guard service has been established as System credited service, the member payments~~

~~contributed shall be refundable, together with interest thereon. However, due to IRS regulations, purchase account payments made through employer pick-up are subject to the restrictions as stated in Rule No. 8-6 (Cancellation of Purchase Service Accounts).~~

- ~~10. ATRS will accept participant rollover contributions and/or direct rollovers of distributions for the purchase of service credit under certain circumstances. See Rule No. 8-4 (Rollover Acceptance and Distribution).~~
- ~~11. Repayments of refunds or the purchase of service may be made by employer pick-up (tax-deferred deductions). See Rule No. 8-5 (Purchase Payment Rules).~~
- ~~12. All rules pertaining to the minimum payments and payment methods are contained in Rule No. 8-5 (Purchase Payment Rules).~~

Amended: February 3, 2004
June 15, 2004
April 26, 2007
Repealed: July 1, 2011

PURCHASE OF NATIONAL GUARD SERVICE

A.C.A. § 24-7-610

Amended: February 3, 2004
June 15, 2004
April 26, 2007
Repealed: July 1, 2011

~~PURCHASE OF OUT-OF-STATE SERVICE~~

~~A.C.A. § 24-7-603~~

~~DEFINITION~~ (Amended by Act 142 of 1997)

~~Out-of-state service is service rendered in any state except Arkansas in a position that would have been covered by the System had the service been rendered in Arkansas.~~

~~RULES~~ (Amended by Act 524 of 1995, Act 206 of 1997, and Acts 110 and 866 of 1999)

- ~~1. Before July 3, 1989, in order to purchase out-of-state service, such service rendered in any state except Arkansas must have been for a minimum of 120 working days in a fiscal year.~~
- ~~2. Except for out-of-state service purchased on or after July 3, 1989, in-state and out-of-state service rendered in the same fiscal year may be combined to reach the required 120 days, provided the member had at least 30 days of both in-state and out-of-state service credit. Twenty (20) days shall be considered a month.~~
- ~~3. Fractions of years of service may be credited as provided by A.C.A. § 24-7-601.~~
- ~~4. Service credit purchased under the out-of-state provision shall be limited to a total of fifteen (15) years.~~
- ~~5. The cost to purchase out-of-state service is the employee and employer contribution rate in effect at the time of purchase times the greater of the first full year's annual salary the member received for Arkansas service immediately preceding the purchase or the average of the member's three highest salaries. If the member does not have at least three salaries comprising three years of service, the cost statement shall be based solely upon the first full year's annual salary for Arkansas service immediately preceding the purchase. If the member has not earned one full year of Arkansas service, no cost statement will be provided.~~
- ~~6. Interest is added to the cost:~~
 - ~~A. If the cost is based solely on the member's first full year annual salary immediately preceding the purchase, interest will accrue from the end of that preceding year until paid in full.~~

- ~~B. If the cost is based on the member's first full year annual salary that is not immediately preceding the year at the time of the purchase, interest will accrue from the end of the preceding year until paid in full.~~
 - ~~C. If the cost is based upon the average of the member's three (3) highest salaries, interest will accrue from the end of the latest year used in the computation until paid in full.~~
 - ~~D. Interest will accrue annually on any unpaid balance based upon the initial payment date.~~
- ~~7. If payment is not made in a single payment at the time of purchase, interest shall be added from the date of the initial payment until the date of payment in full. This shall apply to both the final average salary and previous year methods of calculation.~~
- ~~8. The out-of-state service shall not become credited service under ATRS until:~~
- ~~A. The member payments specified have been paid in full, and~~
 - ~~B. The member has established five (5) or more years of actual service.~~
 - ~~C. Should a member cease to be an active member before the out-of-state service has been established as System-credited service, the member payments contributed will be refundable in accordance with Rule No. 8-6 (Cancellation of Purchase Service Accounts).~~
- ~~9. Salaries for purchased out-of-state service are not recorded. In computing final average salary, only Arkansas salaries shall be used in the determination of the three (3) highest years.~~
- ~~10. Purchased out-of-state service shall be credited to the year in which it was rendered and cannot be purchased if prior to 1937-38.~~
- ~~11. Effective July 1, 1986, all purchased out-of-state service shall be counted as contributory service.~~
- ~~12. Certification of out-of-state service or out-of-state private school service must be submitted to ATRS on a form provided by the System.~~
- ~~13. Repayments of refunds or the purchase of service may be made by employer pick-up (tax deferred deductions). See Rule No. 8-5 (Purchase Payment Rules).~~

- ~~14. ATRS will accept participant rollover contributions and/or direct rollovers of distributions for the purchase of service credit under certain circumstances. See Rule No. 8-4 (Rollover Acceptance and Distribution).~~
- ~~15. All rules pertaining to the minimum payments and payment methods are contained in Rule No. 8-5 (Purchase Payment Rules).~~

Amended: February 3, 2004
June 15, 2004
July 18, 2005
April 26, 2007
Repealed: July 1, 2011

PURCHASE OF OUT-OF-STATE SERVICE

A.C.A. § 24-7-603

Amended: February 3, 2004
June 15, 2004
July 18, 2005
April 26, 2007
Repealed: July 1, 2011

PURCHASE OF OVERSEAS SERVICE

A.C.A. § 24-7-604

DEFINITION (Amended by Act 142 of 1997 and Act 866 of 1999.)

Overseas service means service rendered in an American-type overseas school sponsored and approved by either the United States Department of State or the Department of Defense, Peace Corps, or Volunteers in Service to America (VISTA).

RULES (Amended by Act 206 of 1997 and Act 866 of 1999)

1. To be eligible for overseas service credit, a member must have a minimum of five (5) years of actual service.
2. In order to purchase overseas service, employer and employee contributions must be paid on the later of the active member's salary in the overseas school or the annual salary received by the member for the first full year of Arkansas state teaching service preceding the fiscal year in which the service is purchased. The member shall pay the employee contributions, and the employer contributions may be paid either by the employer or by the member. For each year of the member's service overseas, employee and employer contributions shall be based upon the employer and employee rate in effect for that year, provided employer and employee contributions are paid in the year in which the service is rendered. If the employer and employee contributions are not paid when the service is rendered, the employer and employee contributions shall be based on the rate in effect in the year preceding the fiscal year in which the service is purchased. If contributions were not paid to the System promptly, as service was rendered, interest shall be added from the date of purchase to the date of payment in full.
3. Interest is added to the cost:
 - A. If the cost is based solely on the member's first full year annual salary immediately preceding the purchase, interest will accrue from the end of that preceding year until paid in full.
 - B. If the cost is based on the member's first full year annual salary that is not immediately preceding the year at the time of the purchase, interest will accrue from the end of the preceding year until paid in full.
 - C. If the cost is based upon the average of the member's three (3) highest salaries, interest will accrue from the end of the latest year used in the computation until paid in full.

- ~~D. Interest will accrue annually on any unpaid balance based upon the initial payment date.~~
- ~~4. A year of overseas service shall be a minimum of 120 days. Twenty (20) days shall be considered a month. The maximum overseas service that may be credited to a member is ten (10) years. Fractions of years of service may be credited as provided by A.C.A. § 24-7-601.~~
 - ~~5. Salaries for purchased overseas service will be recorded for the years being purchased. In computing final average salary, only Arkansas salaries shall be used in the determination of the three (3) highest years.~~
 - ~~6. Purchased overseas service shall be credited to the year in which it was rendered.~~
 - ~~7. Effective July 1, 1986, all purchased overseas service shall be counted as contributory service, and benefits based on this service shall be computed as contributory service.~~
 - ~~8. If a member does not purchase or is not eligible to purchase all of the overseas service, he or she must purchase the remainder in inverse order.~~
 - ~~9. Repayments of refunds or the purchase of service may be made by employer pick-up (tax-deferred deductions). See Rule No. 8-5 (Purchase Payment Rules).~~
 - ~~10. ATRS will accept participant rollover contributions and/or direct rollovers of distributions for the purchase of service credit under certain circumstances. See Rule No. 8-4 (Rollover Acceptance and Distribution).~~
 - ~~11. All rules pertaining to the minimum payments and payment methods are contained in Rule No. 8-5 (Purchase Payment Rules).~~

Amended: June 15, 2004

April 26, 2007

Repealed: July 1, 2011

PURCHASE OF OVERSEAS SERVICE

A.C.A. § 24-7-604

Amended: June 15, 2004

April 26, 2007

Repealed: July 1, 2011

~~PURCHASE OF SABBATICAL LEAVE~~

~~A.C.A. § 24-7-604~~

DEFINITION (Amended by Act 142 of 1997 and Act 866 of 1999)

~~Sabbatical leave means leave of absence from a school from and after June 28, 1985, in order to obtain an advanced degree at an institution of higher learning or to fulfill the requirements of a scholarship or grant.~~

RULES (Amended by Act 542 of 1995, Act 206 of 1997, and Act 866 of 1999)

- ~~1. The cost to purchase sabbatical leave is the employee and employer contribution rate in effect at the time of purchase times the greater of the first full year's annual salary the member received for Arkansas service immediately preceding the purchase or the average of the member's three highest salaries. If the member does not have at least three salaries that comprise three years of service, the cost statement shall be based solely upon the first full year's annual salary for Arkansas service immediately preceding the purchase. If the member has not earned one full year of Arkansas service, no cost statement will be provided.~~
- ~~2. Interest is added to the cost:
 - ~~A. If the cost is based solely on the member's first full year annual salary immediately preceding the purchase, interest will accrue from the end of that preceding year until paid in full.~~
 - ~~B. If the cost is based on the member's first full year annual salary that is not immediately preceding the year at the time of the purchase, interest will accrue from the end of the preceding year until paid in full.~~
 - ~~C. If the cost is based upon the average of the member's three (3) highest salaries, interest will accrue from the end of the latest year used in the computation until paid in full.~~
 - ~~D. Interest will accrue annually on any unpaid balance based upon the initial payment date.~~~~
- ~~3. A year of sabbatical leave service shall be for a minimum of 120 days. Twenty (20) days shall be considered a month. Fractions of years of service may be credited as provided by A.C.A. § 24-7-604.~~
- ~~4. Purchased sabbatical leave service shall be credited to the year in which it was rendered.~~

- ~~5. If a member does not purchase, or is not eligible to purchase, all of his/her sabbatical leave service, he/she must purchase the remainder in inverse order.~~
- ~~6. Salaries for purchased sabbatical leave are not recorded.~~
- ~~7. Effective July 1, 1997, repayments of refunds or the purchase of service may be made by employer pick-up (tax deferred deductions). See Rule No. 8-5 (Purchase Payment Rules).~~
- ~~8. ATRS will accept participant rollover contributions and/or direct rollovers of distributions for the purchase of service credit under certain circumstances. See Rule No. 8-4 (Rollover Acceptance and Distribution).~~
- ~~9. All rules pertaining to the minimum payments and payment methods are contained in Rule No. 8-5 (Purchase Payment Rules).~~

Amended: February 3, 2004
June 15, 2004

Repealed: **July 1, 2011**

PURCHASE OF SABBATICAL LEAVE

A.C.A. § 24-7-604

Amended: February 3, 2004
June 15, 2004
Repealed: July 1, 2011

~~PURCHASE OF PRIVATE SCHOOL SERVICE~~

~~A.C.A. § 24-7-607~~

~~DEFINITION~~ (Amended by Act 142 of 1997)

~~Private school service means service rendered in any private school or agency recognized by the State Department of Education for the issuance of teaching licenses. [A.C.A. § 24-7-607(a)]~~

~~ATRS will recognize as private school service full-time service rendered in any private school or agency that is accepted as "educational work experience" by the State Department of Education for the renewal of teaching licenses.~~

~~From and after March 4, 1996, service rendered while employed under the Head Start Program will be considered as private school service. ATRS will require the State Department of Education to recognize the issuance of teaching licenses.~~

~~RULES~~ (Amended by Acts 513 and 524 of 1995; Acts 142, 206, and 1053 of 1997; Acts 110 and 866 of 1999; Act 1534 of 2001; Act 1473 of 2003; and Act 385 of 2005) (A.C.A. § 24-7-607)

- ~~1. From and after January 1, 1990, an active member shall be eligible to purchase private school service in accordance with the following conditions:~~
 - ~~A. Service credit shall be limited to service for which no benefit could be paid by another system similar in purpose to this System, except social security, if the member left on deposit his or her contributions to that system.~~
 - ~~B. Service credited shall be limited to fifteen (15) years.~~
- ~~2. The cost to purchase private school service is the employee and employer contributions rate in effect at the time of purchase times the greater of: the first full year's annual salary the member received for Arkansas service immediately preceding the purchase or the average of the member's three highest salaries. If the member does not have at least three salaries that comprise three years of service, the cost statement shall be based solely upon the first full year's annual salary for Arkansas service immediately preceding the purchase. If the member has not earned one full year of Arkansas service, no cost statement will be provided.~~

~~3. Interest is added to the cost:~~

- ~~A. If the cost is based solely on the member's first full year annual salary immediately preceding the purchase, interest will accrue from the end of that preceding year until paid in full.~~
- ~~B. If the cost is based on the member's first full year annual salary that is not immediately preceding the year at the time of the purchase, interest will accrue from the end of the preceding year until paid in full.~~
- ~~C. If the cost is based upon the average of the member's three (3) highest salaries, interest will accrue from the end of the latest year used in the computation until paid in full. Interest will accrue annually on any unpaid balance based upon the initial payment date.~~

~~4. The private school service shall not become credited service under this System until:~~

- ~~A. The member payments have been paid in full; and~~
- ~~B. The member has established five (5) or more years of actual service exclusive of private school service. Should a member cease to be an active member before the private school service has been established as System credited service, the member payments contributed shall be refundable, together with interest thereon. However, due to IRS regulations, purchase account payments made through employer pick-up are subject to the restrictions as stated in Rule No. 8-6 (Cancellation of Purchase Service Accounts).~~

~~5. If payment is not made in a single payment at the time of purchase, interest shall be added from the date of the initial payment until the date of payment in full. This shall apply to all methods of calculation (Act 385 of 2005).~~

~~6. A year of private school service shall be for a minimum of one hundred twenty (120) days. Twenty (20) days shall be considered a month. Fractions of years of service may be credited as provided in A.C.A. § 24-7-601 and A.C.A. § 24-7-607(e).~~

~~7. Certification of Arkansas private school service or out-of-state private school service must be submitted to ATRS on a form provided by the System.~~

~~8. All private school service shall be counted as contributory. Purchased private school service shall be credited to the year in which it was rendered.~~

- ~~9. Repayments of refunds or the purchase of service may be made by employer pick-up (tax-deferred deductions). See Rule No. 8-5 (Purchase Payment Rules).~~
- ~~10. ATRS will accept participant rollover contributions and/or direct rollovers of distributions for the purchase of service credit under certain circumstances. See Rule No. 8-4 (Rollover Acceptance and Distribution).~~

Amended: February 3, 2004
June 15, 2004
July 18, 2005
April 26, 2007

Repealed: July 1, 2011

PURCHASE OF PRIVATE SCHOOL SERVICE

A.C.A. § 24-7-607

Amended: February 3, 2004
June 15, 2004
July 18, 2005
April 26, 2007
Repealed: July 1, 2011

~~PURCHASE OF DOMESTIC FEDERAL SERVICE~~

~~A.C.A. § 24-7-611, A.C.A. § 24-7-202~~

~~DEFINITIONS~~

- ~~1. **Board** means the Board of Trustees of the Arkansas Teacher Retirement System (ATRS).~~
- ~~2. **Domestic federal service** means service rendered as a teacher or administrator in any school or similar institution located on a military base or installation that is administered by the Department of Defense.~~
- ~~3. **System** means the Arkansas Teacher Retirement System.~~

~~RULES~~

- ~~1. An active member shall be eligible to purchase domestic federal service under the following conditions:¹
 - ~~A. Domestic federal service credit eligible for purchase shall be limited to service for which no benefit except social security could be payable by another system similar in purpose to this System, and on which the member left on deposit his or her contributions to that system.~~
 - ~~B. Domestic federal service purchased shall be limited to ten (10) years.~~~~
- ~~2. The cost to purchase domestic federal service is the employee and employer contribution rates in effect at the time of purchase times the greater of:
 - ~~A. The first full year of annual salary the member received for actual service to a covered employer earned immediately preceding the purchase; or~~
 - ~~B. The average of the member's three highest annual salaries to a covered employer. If the member does not have at least three salaries that comprise three years of service, the cost statement shall be based solely upon the first full year's covered annual salary for Arkansas service immediately preceding the purchase. If the member has not earned one full year of Arkansas service, no cost statement will be provided.~~~~

¹~~The Board shall not implement the purchase of domestic federal service until the System has reduced its unfunded accrued liabilities being amortized over a period exceeding thirty (30) years to a level less than the standards prescribed for those public retirement systems under A.C.A. § 24-1-104 and A.C.A. § 24-1-105.~~

- ~~3. Interest will be added to the cost statement as follows:~~
 - ~~A. If the cost is based solely on the member's first full year annual salary immediately preceding the purchase, interest will accrue from the end of the preceding year used in the computation until paid in full.~~
 - ~~B. If the cost is based upon the average of the member's three (3) highest salaries, interest will accrue from the end of the latest year used in the computation until paid in full.~~
 - ~~C. Interest will accrue annually on any unpaid balance based upon the initial payment date until paid in full.~~
- ~~4. The domestic federal service will become credited service in the System when:~~
 - ~~A. The member payments have been paid in full; and~~
 - ~~B. The member has established five (5) or more years of actual service exclusive of domestic federal service.~~
- ~~5. Should a member cease to be an active member before the federal domestic service has been established as System credited service, the member payments contributed shall be refundable, together with regular interest; however, due to IRS regulations, purchase account payments made through employer pick-up are subject to the restrictions as stated in Rule No. 8-6 (Rollover Eligibility).~~
- ~~6. To be eligible to establish one (1) year of domestic federal service, a minimum of one hundred twenty (120) days must have been worked. Fractional years of domestic federal service may be purchased in accordance with A.C.A. § 24-7-601 and A.C.A. § 24-1-611(c). A month of domestic federal service shall be considered as twenty (20) days.~~
- ~~7. Certification of domestic federal service must be submitted to ATRS on a form provided by the System.~~
- ~~8. All domestic federal service shall be counted as contributory service.~~
- ~~9. Purchased domestic federal service shall be credited to the fiscal year in which it was rendered.~~
- ~~10. Repayments of refunds or the purchase of service may be made by employer pick-up (tax-deferred deductions). See Rule No. 8-5 (Purchase Payments).~~

- ~~11. ATRS will accept participant rollover contributions and/or direct rollovers of distributions for the purchase of service credit under certain circumstances. See Rule No. 8-4 (Direct Rollover Eligibility).~~

~~Adopted: February 11, 2008~~
~~Repealed: July 1, 2011~~

PURCHASE OF DOMESTIC FEDERAL SERVICE

A.C.A. § 24-7-611, A.C.A. § 24-7-202

Repealed: July 1, 2011